

RESOLUTION NUMBER 78-6

of the

CALIFORNIA HOUSING FINANCE AGENCY

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Amendment of Multi-Family  
Housing Finance Program Note Resolution

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WHEREAS, the Board of Directors (the "Board") of the California Housing Finance Agency (the "Agency") on January 18, 1977, adopted Resolution 77-7, the "Multi-Family Housing Finance Program Note Resolution" (the "General Note Resolution") and on March 15, 1977 and May 17, 1977 amended said General Note Resolution;

WHEREAS, the General Note Resolution in Section 701(7) permits the Agency to amend the General Note Resolution with the written consent of the holders of 2/3 of all notes outstanding under the General Note Resolution;

WHEREAS, the Board has determined that it is desirable that certain amendments to the General Note Resolution be made at this time;

NOW, THEREFORE, BE IT RESOLVED by the Board that Section 401(3) of the General Note Resolution be and it hereby is amended to read as follows:

"(3) (a) There is hereby established in the Supplementary Bond Security Account created by the Act

in the California Housing Finance Fund in the State Treasury a separate account designated the "Multi-Family Housing Finance Program Notes Supplementary Reserve Account" (the "Supplementary Reserve Account"). At or prior to delivery of the first Notes delivered under this Resolution, the Agency shall transfer or cause to be transferred all moneys then held in the Supplementary Bond Security Account, not representing interest earned or profits realized thereon, to the Supplementary Reserve Account to secure the payment of the principal of and interest on the Notes. Upon deposit into the Supplementary Bond Security Account of any amounts theretofore held therein, such amount shall likewise be transferred to the Supplementary Reserve Account for such purposes.

(b) Each Series Note Resolution authorizing one or more Series of Notes, other than renewal notes, shall provide that payment of the principal of and interest on all Series authorized by such Series Note Resolution taken together, be secured by a separate sub-account established in the Supplementary Reserve Account, designated "                                 Multi-Family Housing Finance Program Notes Supplementary Reserve Sub-Account" (inserting therein the series designation of each Series of Notes to be secured thereby). At or prior to the delivery of said Series of Notes, the Agency shall transfer or cause to be transferred from the Supplementary Reserve Account to said

Supplementary Reserve Sub-Account an amount equal to not less than ten per cent (10%) of the aggregate principal amount of the Notes to be secured thereby, as determined in such Series Note Resolution.

(c) If the principal of or interest on any Series of Notes shall become due and payment therefor in full has not been made or provided for, the Trustee shall withdraw from the Supplementary Reserve Sub-Account pledged to secure such Series of Notes and apply to the payment of such principal or interest the amount then due for which payment has not been made or provided for, to the extent funds are not otherwise available therefor in any of the Accounts pledged to secure such Series of Notes in accordance with Section 203(2). If amounts in such Supplementary Reserve Sub-Account are insufficient for this purpose, the Trustee shall withdraw from the Supplementary Reserve Account and apply to said purpose the amount of such deficiency. If the Trustee is required in accordance with the preceding two sentences to make withdrawals from a Supplementary Reserve Sub-Account or the Supplementary Reserve Account, or both, to pay principal or interest on more than one Series of Notes, amounts so withdrawn shall be applied to such principal or interest in the order of their stated maturity, and, if the amounts so withdrawn shall not be sufficient to pay in full all the principal or interest so due on any such date and not otherwise provided for,

then to the payment thereof ratably, according to the amounts of principal or interest due on such date, without preference or priority of principal over interest or of interest over principal or of any such Series of Notes or Note over any other such Series of Notes or Note."

BE IT RESOLVED, FURTHER, that Section 403 of the General Note Resolution be and it is hereby amended to read as follows:

"Section 4.03. Transfers from Reserve Accounts.

(1) All payments from the Reserve Accounts shall be subject to the provisions and restrictions of the Resolution, and the Agency covenants that it will not cause or permit to be paid from the Reserve Accounts any sums except in accordance with such provisions and restrictions. The Trustee shall transfer proceeds from a Reserve Account to any Construction Loan Account established for a Series of Notes that is entitled to the benefit of the Reserve Account upon receipt by the Trustee of:

(a) a written requisition of the Agency signed by an Authorized Officer designating:

- (i) the Reserve Account from which the transfer is to be made;
- (ii) the item number of the transfer;
- (iii) The Construction Loan Account into which the transfer is to be made; and
- (iv) the amount of the transfer; and

(b) the certification and consents required, as follows:

(i) if, prior to the initial disbursement, the estimated Cost of Development for the Housing Development to be financed by disbursements from said Construction Loan Account exceeds the initial aggregate principal amount of the Series of Notes issued to fund said Construction Loan Account, an Authorized Officer must have certified to the Trustee and to the holders of such Series of Notes that the Housing Development is economically feasible at the increased cost, and the holders of 66-2/3% of said Notes must consent in writing to the transfer requisitioned from the Reserve Account to the Construction Loan Account to cover such excess cost. Nothing in this Section or in this Resolution shall be deemed to require the Agency to make a Project Loan as to any Housing Development having an estimated Cost of Development in excess of said principal amount, notwithstanding receipt of said Noteholders' consent, or

(ii) if, after the initial disbursement from said Construction Loan Account, the Cost of Development of said Housing Development exceeds the Cost of Development estimated at the time of ini-

tial disbursement, an Authorized Officer shall certify to the Trustee and said Noteholders that said Housing Development is economically feasible at the increased cost and, if the total Cost of Development to be financed by the Project Loan, including the amount of said overrun, would exceed one hundred seven percent (107%) of the Cost of Development estimated at the time of initial disbursement, the holders of 66-2/3% of said Notes must consent in writing to the transfer requisitioned from the Reserve Account to the Construction Loan Account to cover such cost overrun. Nothing in this Section or in this Resolution shall be deemed to require the Agency to pay a development cost overrun notwithstanding receipt of said Noteholders' consent where required.

(2) Simultaneous with any such transfer, the Trustee shall transfer, from the Reserve Account, from funds representing interest earned or profit realized in excess of losses suffered from investment of moneys in such Reserve Account, to the Reserve Account established for the same Series of Notes as the Construction Loan Account designated in said requisition, such sums as shall be equal to the interest accrued on an amount of Notes of the Series issued to fund such Reserve Account equal to

the amount specified in such requisition for transfer to the Construction Loan Account. In the event that moneys in such Reserve Account representing interest earned or profit realized in excess of losses suffered are not sufficient for such transfer, the Trustee shall transfer to such Revenue Account such moneys as are then available and shall transfer the remainder as such interest is earned or profit realized to the extent in excess of losses suffered.

(3) Also simultaneous with any such transfer, if the Supplementary Reserve Sub-Account securing the Series of Notes issued to fund the Reserve Account from which such transfer is made is other than the Supplementary Reserve Sub-Account securing the Series of Notes issued to fund the Construction Loan Account into which such transfer is made, the Trustee shall transfer, from the Supplementary Reserve Sub-Account securing the Series of Notes issued to fund such Reserve Account to the Supplementary Reserve Sub-Account securing the Series of Notes issued to fund such Construction Loan Account, an amount equal to ten percent (10%) of the amount transferred from such Reserve Account to such Construction Loan Account.

(4) From and after making such a transfer from a Reserve Account to a Construction Loan Account,

(i) Notes of the Series issued to fund the Reserve Account equal in principal amount to

the amount of such transfer shall no longer be deemed Outstanding, and interest shall no longer accrue or be payable on such principal amount; and

(ii) Notes of the Series issued to fund the Construction Loan Account shall be deemed to be increased in principal amount by the amount of such transfer, and interest shall be deemed to have accrued and thereafter to accrue on said amount of Notes of such Series from the date of Notes of such Series at the rate set forth in the Notes of such Series.

Any increase in the aggregate principal amount of a Series of Notes as provided above shall be treated for all purposes under this Resolution as if such Series of Notes were initially issued in the aggregate principal amount as so increased and such increase shall, together with the interest deemed to have accrued thereon, be secured equally and ratably, without preference, priority or distinction, and to the same extent as the Notes of such Series Outstanding just prior to such transfer and the interest accrued thereon."



CERTIFICATE OF SECRETARY

I, Stuart Honse, Secretary of the Board of Directors of the California Housing Finance Agency, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a meeting of the Board of Directors of the California Housing Finance Agency duly called and held in Sacramento, California, on the 17th day of January, 1978, of which meeting all of said directors had due notice; and that at said meeting said resolution was adopted by the following vote:

AYES: MAZEL; O'Connor; Ramos; Silberman (by Thoke); Steinberg;  
FRANK

NOES: None

ABSTENTION: Unruh

ABSENT: Robinson

I further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded in any manner since the date of its adoption, and the same is now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate and affixed the seal of the Board of Directors of the California Housing Finance Agency hereto this 23 day of January, 1978.



Secretary of the Board of Directors  
of the California Housing Finance  
Agency